



**Comments of Terry Frazier
AirBoss Flexible Products
Senate Energy & Technology Committee
October 8, 2015**

Good afternoon, Chairman Nofs, Vice Chairman Proos, Vice Chairman Hopgood, and members of the committee. My name is Terry Frazier from AirBoss Flexible Products. Thank you for allowing me to testify before your committee today in support of Senate Bill 437 and responsible regulation.

With our headquarters in Auburn Hills – we are very proud to be a Michigan company. Flexible Products was founded in 1946 as a family-owned and operated business. Acquired by AirBoss in 2013, we now employ 400 people. We are one of the largest suppliers of molded and mold-bonded rubber parts to the North American automobile industry. We offer high performance anti-vibration solutions. We produce everything from molded chassis isolators to multiple rate bushings and frequency tuned dampers.

Flexible Products is a Tier 1 automotive supplier. Our parts are sold directly to the big three – General Motors, Ford, and Chrysler. These companies utilize our parts every day in their assembly line production. Our products go directly into building vehicle suspensions, steering, and drive trains.

Today I want to discuss how our company needs reliable, affordable energy to succeed and grow.

Our company elected to be placed on the Retail Open Access queue 5 years ago. Four years ago we were actually provided the option to switch to Retail Access. We did not exercise that option given uncertainty in the markets at that time. Instead, we remained in the queue.

Retail Access was appealing because we had the option to return to utility service at any time. Electric markets are volatile and could change at any time, so having that safety net was central to our decisions.

Going forward, given coal plant retirements and the risk of rate volatility associated with changing supply, I would advise our company to remain on utility service. Regulated utilities plan for their customers' demand and reliability. Taking risks with electricity, especially when we have a "just-in-time" manufacturing business, is not in our best interest. Furthermore, even if Retail Access rates are currently lower than utility rates, I cannot be assured the same rate stability and reliability of utility service. Short-term gains at the expense of supply and rate stability could ultimately prove to be detrimental to our business.

Regardless of whether businesses remain on utility service or retail access, Michigan needs responsible electric market regulation to support continuing reliability. All energy suppliers – utilities and alternative suppliers – are accountable for reliability. We need a reliable energy supply to succeed today and help our company grow into the future. Over the next five to ten years, we foresee our company expanding in Michigan. However, this growth will not be possible without a stable supply of electricity.

As Michiganders and elected officials in a proud manufacturing state, you understand the impact that compromised reliability can have on just-in-time manufacturing. We have three plants in Auburn Hills utilizing 310,000 square feet factory floor. Just one glitch in electric reliability has huge impacts on our production. Disruptions in electric reliability translate directly into complete disruption of manufacturing. Power outages have an instantaneous economic effect on our company, and if they become frequent this would destroy our business. Our company is a Tier 1 auto supplier. If our company and companies like ours cannot produce our automobile parts this disrupts the automotive food chain. In order for our company – and the state of Michigan – to be successful, we need reliable, consistent energy.

A system of reasonable checks and balances needs to be established to ensure that alternate suppliers plan ahead just like the utilities do. These alternate electric suppliers should provide sufficient firm, physical and local capacity to meet their customer's needs.

Dependable, consistent energy is essential to our success. We are the kind of business that would really get burned if power is disrupted. When companies like ours succeed, our employees succeed, our community succeeds, and the state of Michigan succeeds. Flexible Products is not one of the Big Three. We are not a global giant, but companies like ours are the backbone of the Michigan economy. We need comprehensive legislation that ensures reliable, stable electricity. Think about me and other Michigan businesses in your consideration of new energy legislation. Help us build an economy that sustains our growth.